

Memorandum



Municipal Budget Office

Date: January 30, 2015

To: Mayor and Councilmembers

From: Cecilia Robles, Budget Manager (480-350-8881)

Through: Ken Jones, Deputy City Manager, CFO (480-350-8504)

Subject: Quarterly Financial Report – Quarter Ended December 31, 2014

Attached is the Quarterly Financial Report for the second quarter of Fiscal Year 2014-15, the quarter ending December 31, 2014. We have included a quick-reference Table of Contents on the following page, which will allow you to quickly navigate to areas of interest by clicking on titles or page numbers. The small Tempe logo on every page will return you to the Table of Contents. The report can also be found on the Municipal Budget Office's Internet page.

Please let me know if you have questions about the information contained in this report.

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Performance Ratings Key

Positive = A positive variance, or a negative variance of less than 2%, which shows the category is performing close to historical trends.

Watch = A negative variance between 2-5%, compared to historical trends.

Negative = A negative variance of greater than 5%, compared to historical trends.



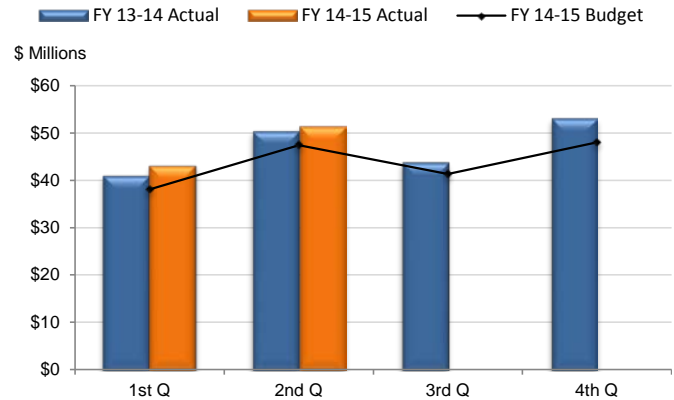
General Fund Revenue Quarterly Analysis

Page 1

		FY 14-15 Adopted Budget	FY 14-15 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 14	\$ 38,079,944	\$ 43,123,189	24.7%	22.0%
2nd Q	Oct-Dec 14	47,452,253	51,335,331	29.3%	26.9%
3rd Q	Jan-Mar 15	41,342,381			
4th Q	Apr-Jun 15	48,050,439			
Total		\$ 174,925,017	\$ 94,458,520	54.0%	48.9%

Variance from Budget \$ 8,926,324 2.7%

Positive



Through the second quarter of FY 2014-15, General Fund revenue is 24.7% of budget, compared with a historical percentage of 22.0%. In terms of budget-to-actual variance, total collections are above the anticipated revenue target for the second quarter. The scope of budget-to-actual variance for each category can be seen in the table and graph at the bottom-right corner of this page. Quarterly collection detail by category can be found on pages 2 through 6 of this report.



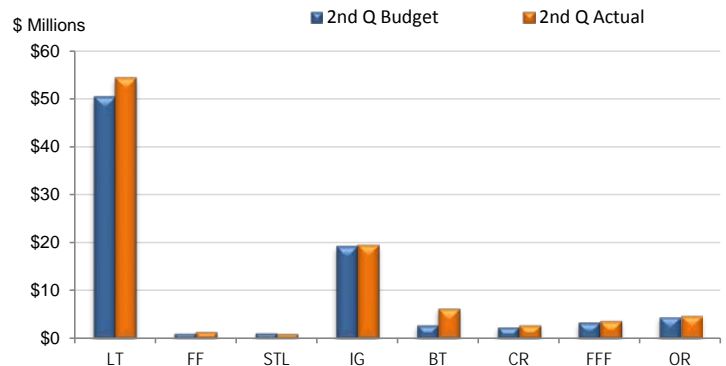
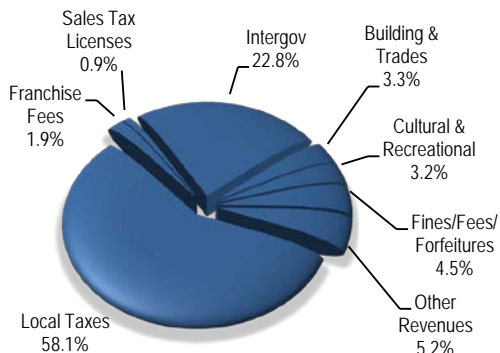
General Fund Revenue by Category

Revenue Categories	FY 14-15 Annual Budget	% of Annual Budget
Local Taxes	\$ 101,550,178	58.1%
Franchise Fees	3,255,702	1.9%
Sales Tax Licenses	1,636,750	0.9%
Intergovernmental	39,906,841	22.8%
Building & Trades	5,827,381	3.3%
Cultural & Recreational	5,624,920	3.2%
Fines/Fees/Forfeitures	7,943,080	4.5%
Other Revenues	9,180,165	5.2%
Total	\$ 174,925,017	

Cumulative Revenue through 2Q 2014-2015

	Budget Target	Actual Revenue	% of Budget Target
Local Taxes (LT)	\$ 50,529,404	\$ 54,431,015	108%
Franchise Fees (FF)	1,136,654	1,432,635	126%
Sales Tax Licenses (STL)	1,155,254	1,036,852	90%
Intergovernmental (IG)	19,333,699	19,698,728	102%
Building & Trades (BT)	2,880,532	6,324,968	220%
Cultural & Recreational (CR)	2,437,975	2,852,304	117%
Fines/Fees/Forfeitures (FFF)	3,468,403	3,766,694	109%
Other Revenues (OR)	4,590,276	4,915,326	107%
Total	\$ 85,532,197	\$ 94,458,520	110%

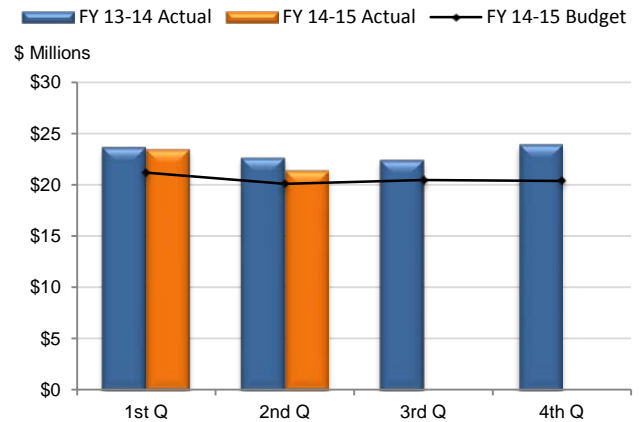
FY 14-15 Budget





Sales Tax

		FY 14-15 Adopted Budget	FY 14-15 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 14	\$ 21,192,112	\$ 23,448,086	28.5%	25.8%
2nd Q	Oct-Dec 14	20,103,245	21,398,152	26.0%	24.5%
3rd Q	Jan-Mar 15	20,473,078			
4th Q	Apr-Jun 15	20,384,157			
Total		\$ 82,152,592	\$ 44,846,237	54.6%	50.3%
Variance from Budget			\$ 3,550,881	4.3%	



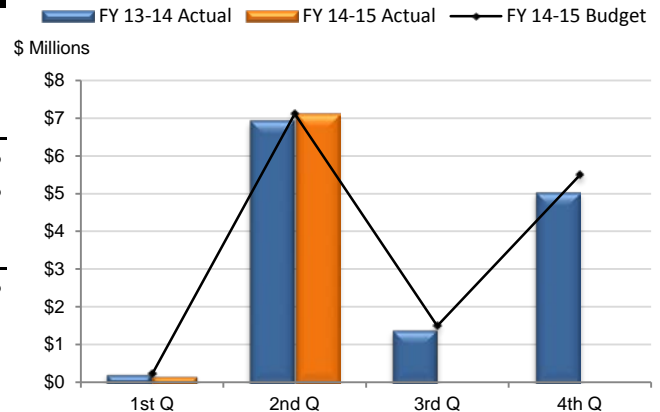
Positive

City Sales Taxes are generated by a 1.8% levy on sales transactions in the city. Of the total 1.8% rate, 1.2% is deposited in the General Fund, 0.5% is dedicated for Transit purposes, and the remaining 0.1% is deposited in the Performing Arts Fund. The amount deposited in the General Fund is depicted in the table and graph above. This revenue source contributes 47.0% of the General Fund budget in FY 2014-15 making it the City's largest revenue source. Through the second quarter of FY 2014-15, Sales Tax collections are 54.6% of budget, which is above the historical average of 50.3%. In terms of budget-to-actual variance, collections are 4.3% above the budgeted value.



Property Tax

		FY 14-15 Adopted Budget	FY 14-15 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 14	\$ 221,264	\$ 202,731	1.4%	1.5%
2nd Q	Oct-Dec 14	7,116,949	7,124,701	49.7%	49.7%
3rd Q	Jan-Mar 15	1,492,386			
4th Q	Apr-Jun 15	5,494,036			
Total		\$ 14,324,634	\$ 7,327,432	51.2%	51.2%
Variance from Budget			\$ (10,780)	0.0%	



Positive

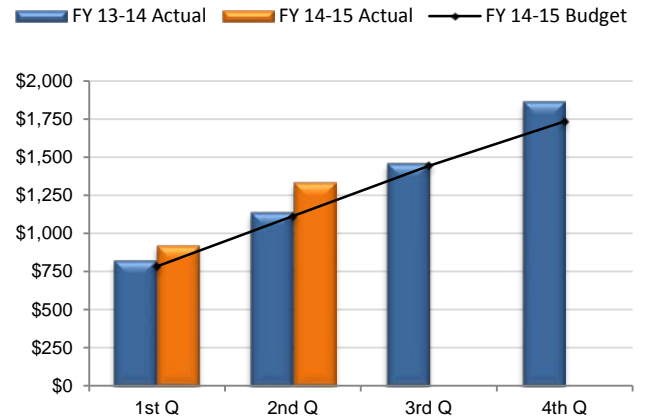
Property Tax revenue in the General Fund is generated by a \$0.92 charge per \$100 of the primary assessed valuation of real and personal property. In FY 2014-15, Property Taxes contribute 8.2% of budgeted General Fund revenue. Through the second quarter of FY 2014-15, Property Tax collections are 51.2% of budget, which is consistent with the historical average of 51.2%.



Bed Tax

		FY 14-15 Adopted Budget	FY 14-15 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 14	\$ 782,917	\$ 922,964	18.2%	15.4%
2nd Q	Oct-Dec 14	1,112,919	1,334,382	26.3%	21.9%
3rd Q	Jan-Mar 15	1,443,362			
4th Q	Apr-Jun 15	1,733,755			
Total		\$ 5,072,952	\$ 2,257,346	44.5%	37.3%
Variance from Budget			\$ 361,510	7.2%	

Positive



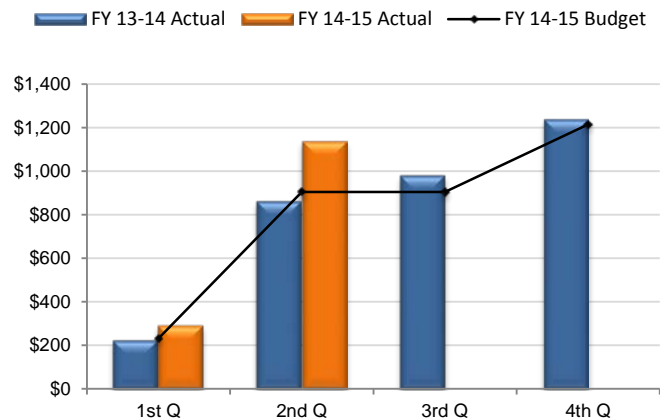
The Transient Lodging Tax, or Bed Tax is a 5.0% levy on hotel and motel sales that contributes approximately 2.9% of budgeted General Fund revenue in FY 2014-15. Bed Tax collections through the second quarter of FY 2014-15 are 44.5% of budget, approximately 7.2% above the historical average. In terms of budget-to-actual variance, collections are \$361,510 above the budgeted value.



Franchise Fees

		FY 14-15 Adopted Budget	FY 14-15 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 14	\$ 231,748	\$ 294,721	9.1%	7.1%
2nd Q	Oct-Dec 14	904,907	1,137,914	35.0%	27.8%
3rd Q	Jan-Mar 15	904,018			
4th Q	Apr-Jun 15	1,215,029			
Total		\$ 3,255,702	\$ 1,432,635	44.0%	34.9%
Variance from Budget			\$ 295,981	9.1%	

Positive

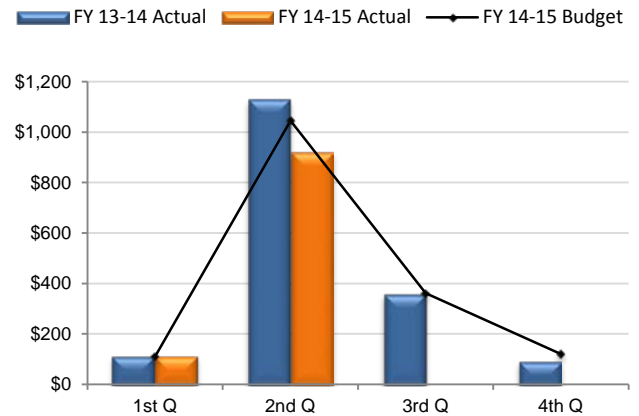


Franchise Fee revenues are collected based on specific agreements with service providers in the city, including Arizona Public Service (2.0% of revenue), Cox Communications (5.0% of gross revenue), Southwest Gas (2.0% of gross revenue), and a number of telecommunications service providers. These fees contribute 1.9% of annual General Fund revenue. Franchise Fee payments are 44.0% of the budgeted amount through the second quarter of FY 2014-15, compared to 34.9% historically. In terms of budget-to-actual variance, collections are \$295,981 above the budgeted expectation.



Sales Tax Licenses

		FY 14-15 Adopted Budget	FY 14-15 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 14	\$ 110,237	\$ 116,827	7.1%	6.7%
2nd Q	Oct-Dec 14	1,045,016	920,024	56.2%	63.8%
3rd Q	Jan-Mar 15	361,703			
4th Q	Apr-Jun 15	119,793			
Total		\$ 1,636,750	\$ 1,036,852	63.3%	70.5%
Variance from Budget			\$ (118,402)	-7.2%	



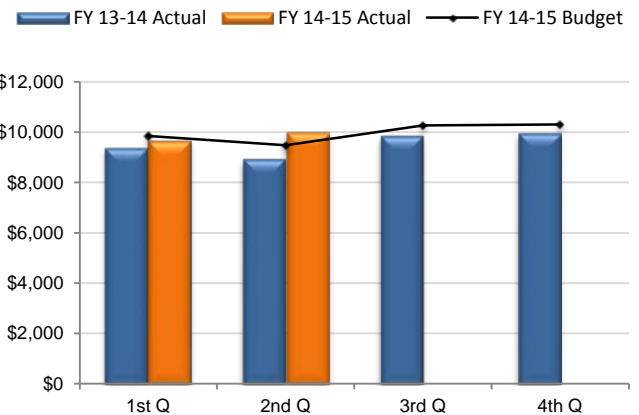
Negative

The City requires taxable business activities to be licensed, with the annual licensing fee amount varying by business type. Sales Tax License collections through the second quarter of FY 2014-15 were 63.3% of budget, compared to the historical average of 70.5%. Sales Tax Licenses contribute 0.9% of annual General Fund revenue. In terms of budget-to-actual variance, collections are 7.2% below the budgeted value. This downturn is largely due to the State of Arizona's implementation of the Tax Simplification changes. Taxpayers that have multiple locations under the same legal entity are no longer required to have a business license per location. In the past, the city charged a renewal fee for each location.



Intergovernmental

		FY 14-15 Adopted Budget	FY 14-15 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 14	\$ 9,856,665	\$ 9,682,162	24.3%	24.7%
2nd Q	Oct-Dec 14	9,477,034	10,016,566	25.1%	23.7%
3rd Q	Jan-Mar 15	10,265,311			
4th Q	Apr-Jun 15	10,307,831			
Total		\$ 39,906,841	\$ 19,698,728	49.4%	48.4%
Variance from Budget			\$ 365,029	1.0%	



Positive

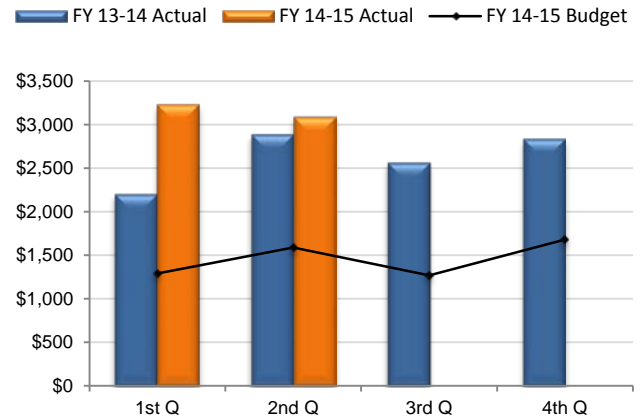
Intergovernmental Revenue includes distributions of State Income Taxes, State Sales Taxes, and State Vehicle License Taxes. These revenues are distributed based on Tempe's share of the state urban population as determined by the U.S. Census. In total, these revenues constitute 22.8% of budgeted revenue for FY 2014-15, making this the second largest General Fund revenue source after Sales Taxes. Through the second quarter of FY 2014-15, actual collections are 49.4% of budget, compared to a historical average of 48.4%. In terms of budget-to-actual variance, collections are 1.0%, or \$365,029 above the budgeted projection.



Building & Trades

		FY 14-15 Adopted Budget	FY 14-15 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 14	\$ 1,291,159	\$ 3,232,583	55.5%	22.2%
2nd Q	Oct-Dec 14	1,589,373	3,092,385	53.1%	27.3%
3rd Q	Jan-Mar 15	1,267,966			
4th Q	Apr-Jun 15	1,678,883			
Total		\$ 5,827,381	\$ 6,324,968	108.5%	49.5%
Variance from Budget			\$ 3,444,436	59.0%	

Positive



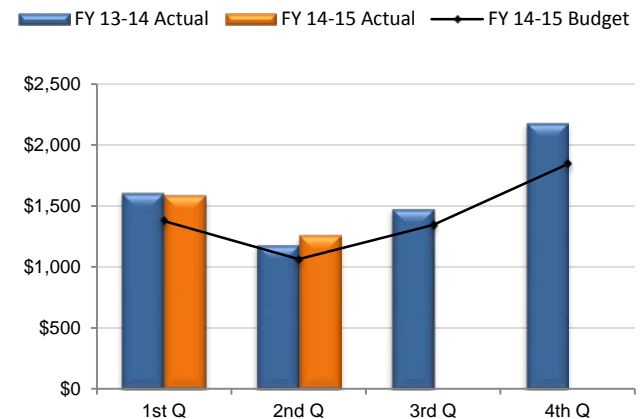
Building and Trade revenues consist of Building Permit Fees, Plan Check Fees, and other miscellaneous engineering and permitting fees generated by development. These fees are charged to recover a portion of the cost of regulating development. Through the second quarter of FY 2014-15, actual collections are 108.5% of budget, compared to a historical average of 49.5%. Thus far, in terms of budget-to-actual variance, collections are 59.0% above the budgeted estimate. The exceptional performance through the second quarter is due to the plan check fees for the Marina Heights project on Rio Salado. This project is expected to boost this revenue stream through FY 2014-15.



Cultural & Recreational

		FY 14-15 Adopted Budget	FY 14-15 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 14	\$ 1,375,833	\$ 1,588,292	28.2%	24.5%
2nd Q	Oct-Dec 14	1,062,142	1,264,012	22.5%	18.9%
3rd Q	Jan-Mar 15	1,343,393			
4th Q	Apr-Jun 15	1,843,552			
Total		\$ 5,624,920	\$ 2,852,304	50.7%	43.4%
Variance from Budget			\$ 414,329	7.3%	

Positive



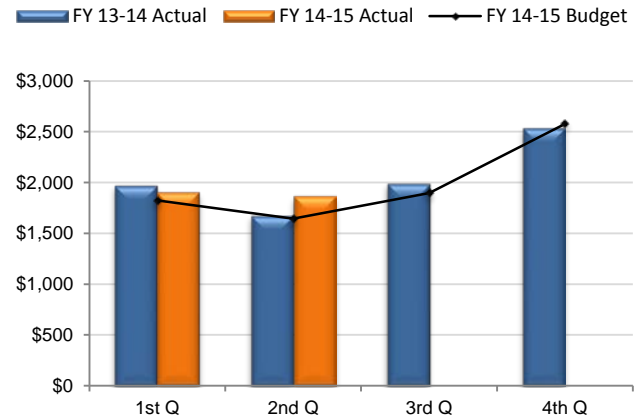
Cultural and Recreational revenues include fees and charges to recover a portion of the costs of providing the City's cultural and recreational programs. The majority of this revenue source is generated from fees charged for the City's Kid Zone program. In total, Cultural and Recreational fees represent 3.2% of total budgeted General Fund revenue for FY 2014-15. Through the second quarter of FY 2014-15, Cultural and Recreational fee collections are 50.7% of budget, compared to the historical average of 43.4%, for a total variance of 7.3%. In terms of budget-to-actual variance, collections are \$414,329 above the budgeted estimate.



Fines, Fees, Forfeitures

		FY 14-15 Adopted Budget	FY 14-15 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 14	\$ 1,825,244	\$ 1,902,467	24.0%	23.0%
2nd Q	Oct-Dec 14	1,643,159	1,864,227	23.5%	20.7%
3rd Q	Jan-Mar 15	1,896,700			
4th Q	Apr-Jun 15	2,577,977			
Total		\$ 7,943,080	\$ 3,766,694	47.4%	43.7%
Variance from Budget			\$ 298,291	3.7%	

Positive



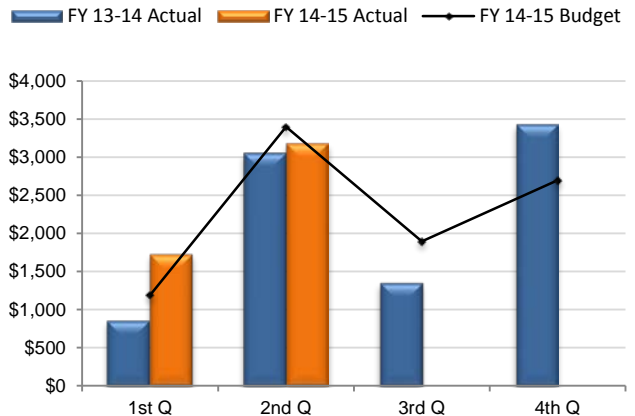
Fines, Fees, and Forfeiture revenue derives from fines and other payments related to violations of state laws and local ordinances, including parking, traffic, and criminal enforcement activities. In total, Fines, Fees, and Forfeitures represent 4.5% of total budgeted General Fund revenue for FY 2014-15. Through the second quarter of FY 2014-15, 47.4% of budgeted revenues has been collected, compared to a historical average of 43.7%. In terms of budget-to-actual variance, this category is 3.7% above the expected value through the second quarter. While it is difficult to ascertain the precise historical pattern due to the timing of the discontinuation of the Photo Enforcement program, at this time, this category appears to be following a positive collections trend.



Other Revenues

		FY 14-15 Adopted Budget	FY 14-15 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 14	\$ 1,192,766	\$ 1,732,357	18.9%	13.0%
2nd Q	Oct-Dec 14	3,397,510	3,182,969	34.7%	37.0%
3rd Q	Jan-Mar 15	1,894,463			
4th Q	Apr-Jun 15	2,695,425			
Total		\$ 9,180,165	\$ 4,915,326	53.5%	50.0%
Variance from Budget			\$ 325,050	3.5%	

Positive



Other Revenues include collections from a variety of sources not otherwise accounted for in the major revenue categories. Primary components of Other Revenues are Interest Earnings, Land and Building Facility Rental, and SRP In-Lieu Payments. Through the second quarter of the fiscal year, collections of Other Revenue are 53.5% of the FY 2014-15 budget, compared to a historical tracking percentage of 50.0%. In terms of budget-to-actual variance, this category is \$325,050 or 3.5% ahead of budgeted expectations through the second quarter.



General Fund Expenditures Quarterly Analysis

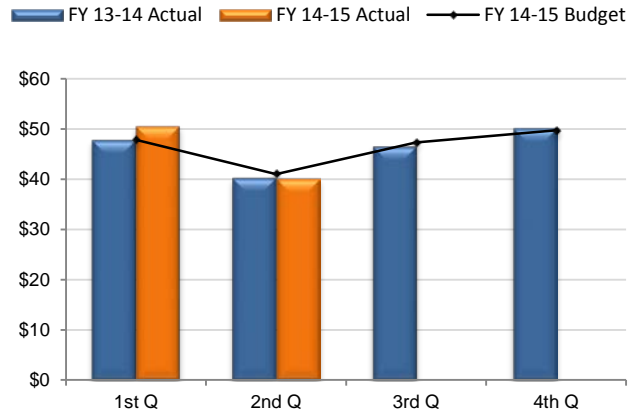
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		FY 14-15 Adopted Budget*	FY 14-15 Actual Exp	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 14	\$ 47,873,041	\$ 50,564,264	27.2%	25.7%
2nd Q	Oct-Dec 14	41,047,282	40,129,899	21.6%	22.1%
3rd Q	Jan-Mar 15	47,330,244			
4th Q	Apr-Jun 15	49,761,808			
Total		\$ 186,012,375	\$ 90,694,163	48.8%	47.8%

Variance from Budget \$ (1,773,840) -1.0%

*Budget excludes \$1 million contingency appropriation

Positive

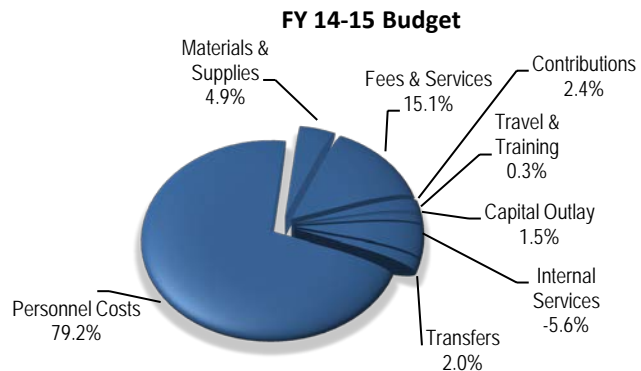


Through the second quarter of FY 14-15, General Fund expenditures are 48.8% of budget, compared with a historical percentage of 47.8%. In terms of budget-to-actual variance, General Fund expenditures are 1.0% above budget through the second quarter. Departmental quarterly expenditure tracking data can be found on pages 8 through 15 of this report.



General Fund Expenditures By Category

Categories	FY 14-15 Adopted Budget	% of Adopted Budget
Personnel Costs	\$ 147,316,087	79.2%
Materials and Supplies	9,201,103	4.9%
Fees and Services	28,173,765	15.1%
Contributions	4,508,729	2.4%
Travel and Training	499,801	0.3%
Capital Outlay	2,829,543	1.5%
Internal Services	(10,325,136)	-5.6%
Transfers	3,808,483	2.0%
Total	\$ 186,012,375	





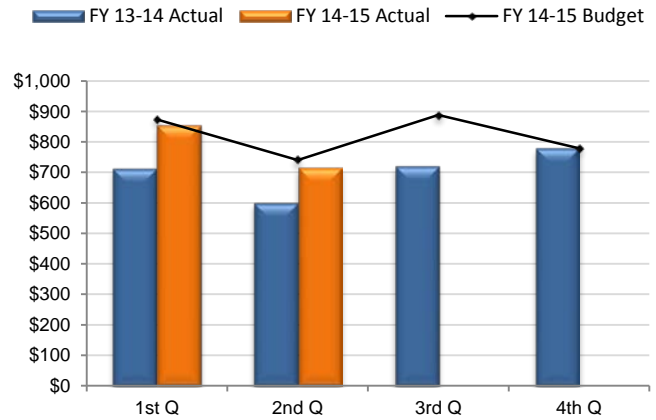
City Attorney's Office

		FY 14-15 Adopted Budget*	FY 14-15 Actual Expend*	% of Budget Spent	% of Budget Hist
1st Q	Jul-Sep 14	\$ 874,160	\$ 854,656	26.0%	26.6%
2nd Q	Oct-Dec 14	740,439	716,332	21.8%	22.6%
3rd Q	Jan-Mar 15	888,095			
4th Q	Apr-Jun 15	779,579			
Total		\$ 3,282,273	\$ 1,570,989	47.9%	49.2%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ 43,611 1.3%

Positive



The City Attorney's Office spent 47.9% of its FY 14-15 budget through the second quarter, compared to a historical average of 49.2%. In terms of budget-to-actual variance, expenditures are 1.3% lower than budgeted through the second quarter.



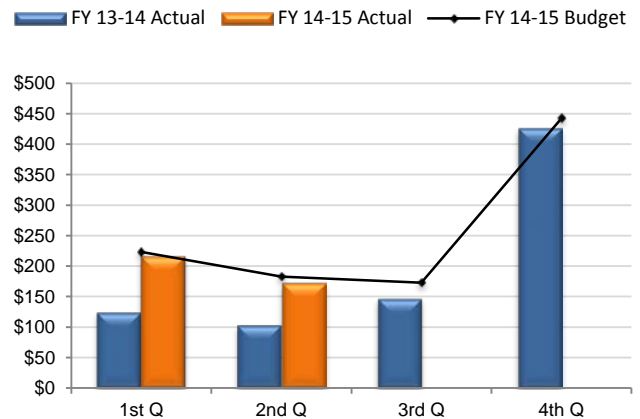
City Clerk's Office

		FY 14-15 Adopted Budget*	FY 14-15 Actual Expend*	% of Budget Spent	% of Budget Hist
1st Q	Jul-Sep 14	\$ 223,107	\$ 215,874	21.1%	21.8%
2nd Q	Oct-Dec 14	183,002	172,315	16.9%	17.9%
3rd Q	Jan-Mar 15	172,969			
4th Q	Apr-Jun 15	442,630			
Total		\$ 1,021,708	\$ 388,190	38.0%	39.7%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ 17,919 1.7%

Positive



The City Clerk's Office has spent 38.0% of its FY 14-15 budget through the second quarter, compared to a historical average of 39.7%. In terms of variance from the budget through the second quarter, expenditures are \$17,919 or 1.7% below the expected amount.



City Court

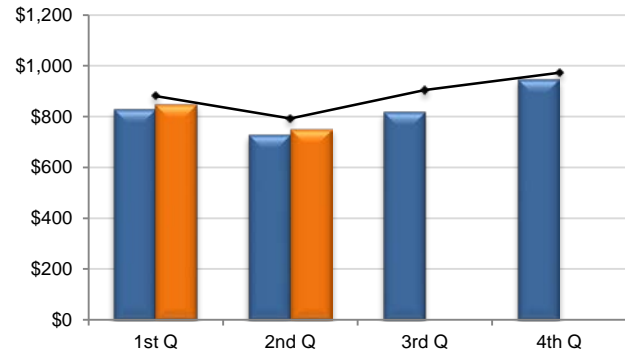
		FY 14-15 Adopted Budget*	FY 14-15 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 14	\$ 881,200	\$ 849,674	23.9%	24.8%
2nd Q	Oct-Dec 14	793,051	751,252	21.2%	22.3%
3rd Q	Jan-Mar 15	904,711			
4th Q	Apr-Jun 15	972,236			
Total		\$ 3,551,197	\$ 1,600,926	45.1%	47.1%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ 73,324 2.0%

Positive

FY 13-14 Actual FY 14-15 Actual FY 14-15 Budget



The City Court has spent 45.1% of its FY 14-15 budget through the second quarter compared to the historical average of 47.1%. In terms of variance from the budget through the second quarter, expenditures are \$73,324 or 2.0% below the expected amount.



City Manager's Office

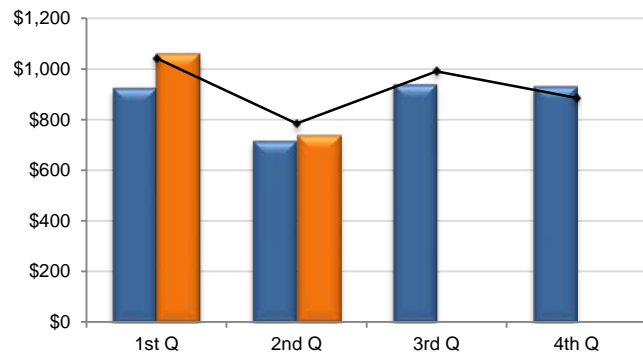
		FY 14-15 Adopted Budget*	FY 14-15 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 14	\$ 1,042,036	\$ 1,059,843	28.6%	28.1%
2nd Q	Oct-Dec 14	784,345	738,834	20.0%	21.2%
3rd Q	Jan-Mar 15	991,130			
4th Q	Apr-Jun 15	885,482			
Total		\$ 3,702,994	\$ 1,798,677	48.6%	49.3%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ 27,704 0.7%

Positive

FY 13-14 Actual FY 14-15 Actual FY 14-15 Budget



The City Manager's Office has spent 48.6% of its FY 14-15 budget through the second quarter, compared to the historical average of 49.3%. In terms of variance from the budget in the second quarter, expenditures are \$27,704 or 0.7% below the expected amount.



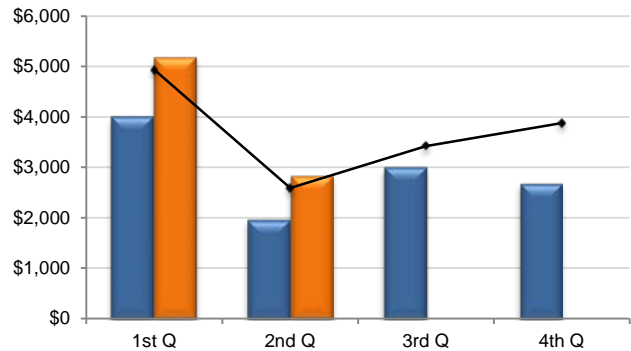
Community Development

		FY 14-15 Adopted Budget*	FY 14-15 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 14	\$ 4,930,424	\$ 5,180,726	35.0%	33.3%
2nd Q	Oct-Dec 14	2,587,798	2,831,138	19.1%	17.5%
3rd Q	Jan-Mar 15	3,422,503			
4th Q	Apr-Jun 15	3,877,490			
Total		\$ 14,818,216	\$ 8,011,864	54.1%	50.8%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ (493,642) -3.3%

FY 13-14 Actual FY 14-15 Actual FY 14-15 Budget



Watch

The Community Development Department has spent 54.1% of its FY 14-15 budget through the second quarter, compared to the expected value of 50.8%. In terms of variance from the budget, expenditures are \$493,642 or 3.3% above the expected amount. The expenditures are higher due to a change in timing of the Downtown Tempe Association (DTA) assessment. Historically, these payments have been made in June and December, but have changed to July and January for FY 14-15.



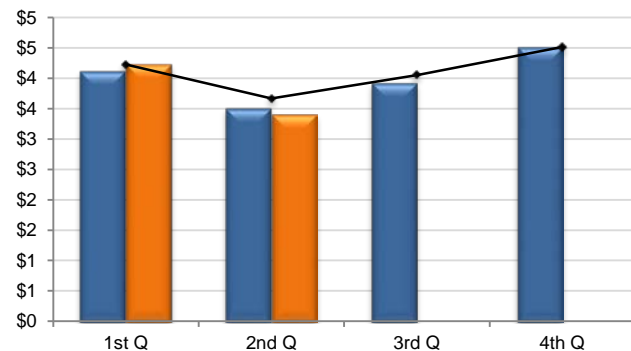
Community Services

		FY 14-15 Adopted Budget*	FY 14-15 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 14	\$ 4,229,496	\$ 4,239,096	25.7%	25.7%
2nd Q	Oct-Dec 14	3,669,674	3,413,029	20.7%	22.3%
3rd Q	Jan-Mar 15	4,055,513			
4th Q	Apr-Jun 15	4,514,832			
Total		\$ 16,469,515	\$ 7,652,126	46.5%	48.0%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ 247,044 1.5%

FY 13-14 Actual FY 14-15 Actual FY 14-15 Budget



Positive

The Community Services Department spent 46.5% of its FY 14-15 budget through the second quarter, compared to the historical average of 48.0%. In terms of variance from the budget in the second quarter, expenditures are \$247,044 or 1.5% below the expected amount.



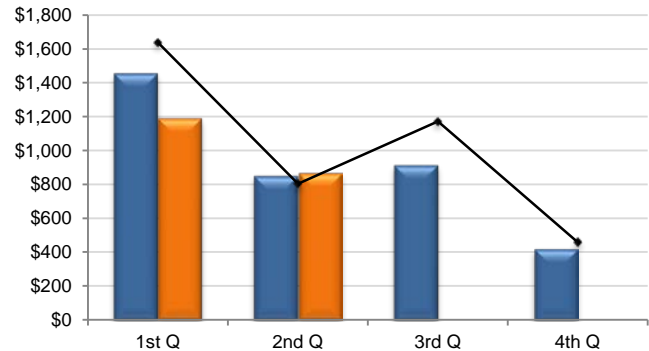
Human Services

		FY 14-15 Adopted Budget*	FY 14-15 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 14	\$ 1,637,153	\$ 1,187,646	29.2%	40.2%
2nd Q	Oct-Dec 14	803,554	865,637	21.3%	19.7%
3rd Q	Jan-Mar 15	1,171,668			
4th Q	Apr-Jun 15	457,715			
Total		\$ 4,070,090	\$ 2,053,283	50.4%	59.9%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ 387,424 9.5%

FY 13-14 Actual FY 14-15 Actual FY 14-15 Budget



Positive

The Human Services Department, including the Diversity Office, spent 50.4% of its FY 14-15 budget through the second quarter, compared to a historical average of 59.9%. In terms of variance from the budget in the second quarter, expenditures are \$387,424 or 9.5% below the expected amount.



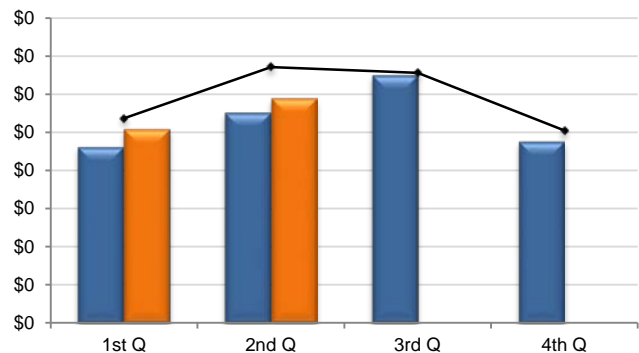
Human Services - Diversity Office

		FY 14-15 Adopted Budget*	FY 14-15 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 14	\$ 107,307	\$ 101,874	21.5%	22.6%
2nd Q	Oct-Dec 14	134,248	117,870	24.9%	28.3%
3rd Q	Jan-Mar 15	131,293			
4th Q	Apr-Jun 15	100,982			
Total		\$ 473,831	\$ 219,744	46.4%	50.9%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ 21,811 4.5%

FY 13-14 Actual FY 14-15 Actual FY 14-15 Budget



Positive

The Diversity Office has spent 46.4% of its FY 14-15 budget through the second quarter, compared with a historical average of 50.9%. In terms of variance from the budget through the second quarter, expenditures are \$21,811 or 4.5% below the expected amount.



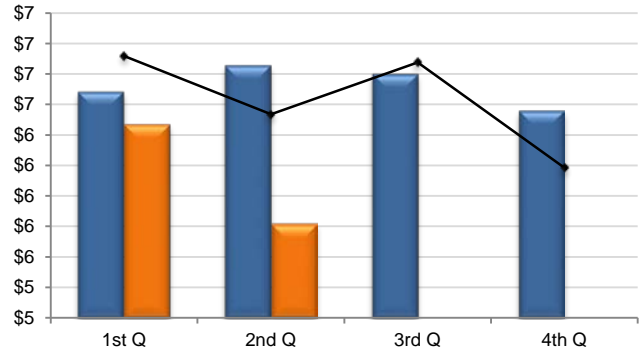
Fire Medical Rescue

		FY 14-15 Adopted Budget*	FY 14-15 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 14	\$ 6,917,992	\$ 6,468,920	24.4%	26.1%
2nd Q	Oct-Dec 14	6,535,749	5,822,260	22.0%	24.6%
3rd Q	Jan-Mar 15	6,876,462			
4th Q	Apr-Jun 15	6,184,372			
Total		\$ 26,514,575	\$ 12,291,181	46.4%	50.7%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ 1,162,561 4.3%

FY 13-14 Actual FY 14-15 Actual FY 14-15 Budget



Positive

The Fire Medical Rescue Department has spent 46.4% of its FY 14-15 budget through the second quarter, compared with a historical percentage of 50.7%. In terms of variance from the budget through the second quarter, expenditures are \$1,162,561 or 4.3% below the expected amount.



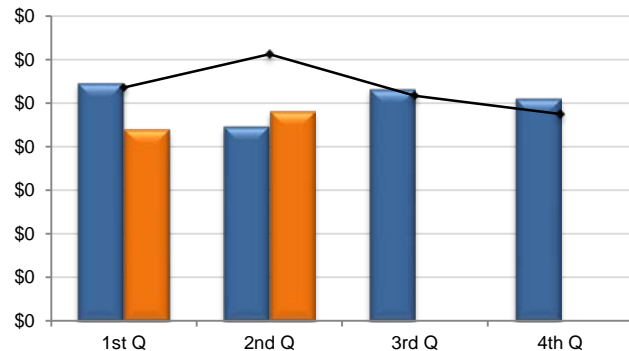
Internal Audit Office

		FY 14-15 Adopted Budget*	FY 14-15 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 14	\$ 107,210	\$ 88,009	20.6%	25.0%
2nd Q	Oct-Dec 14	122,529	96,259	22.5%	28.6%
3rd Q	Jan-Mar 15	103,296			
4th Q	Apr-Jun 15	94,958			
Total		\$ 427,992	\$ 184,267	43.1%	53.6%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ 45,471 10.5%

FY 13-14 Actual FY 14-15 Actual FY 14-15 Budget



Positive

The Internal Audit Office has spent 43.1% of its FY 14-15 budget through the second quarter, compared with a historical average of 53.6%. In terms of variance from the budget through the second quarter, expenditures are \$45,471 or 10.5% below the expected amount. Expenditures are tracking lower due to vacancy savings.



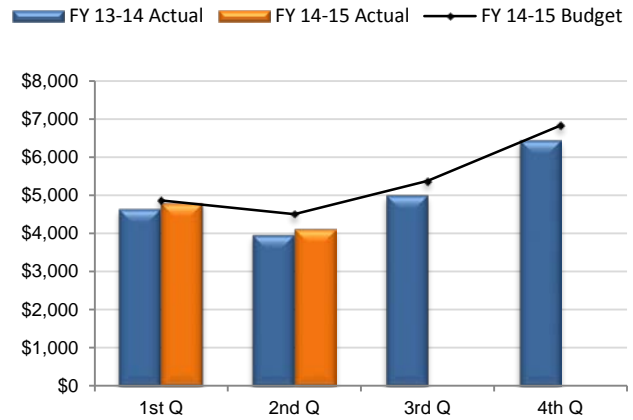
Internal Services

		FY 14-15 Adopted Budget*	FY 14-15 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 14	\$ 4,865,577	\$ 4,806,764	22.3%	22.6%
2nd Q	Oct-Dec 14	4,504,238	4,124,141	19.1%	20.9%
3rd Q	Jan-Mar 15	5,373,850			
4th Q	Apr-Jun 15	6,826,329			
Total		\$21,569,994	\$ 8,930,905	41.4%	43.5%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ 438,909 2.1%

Positive



The Internal Services Department has spent 41.4% of its FY 14-15 budget through the end of the second quarter, compared to the historical pattern of 43.5% during this period. In terms of variance from the budget in the second quarter, expenditures are \$438,909 or 2.1% below the expected amount.



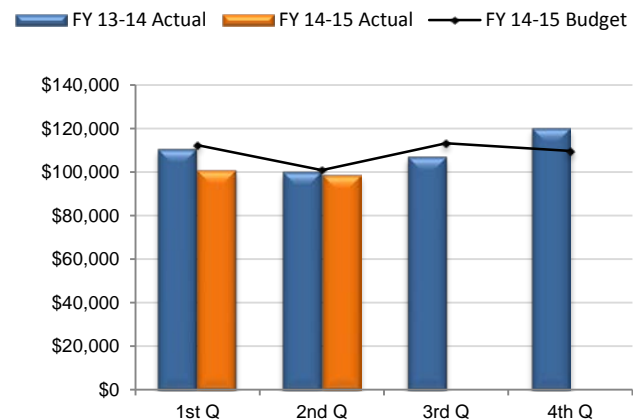
Mayor and Council

		FY 14-15 Adopted Budget*	FY 14-15 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 14	\$ 112,259	\$ 100,737	23.1%	25.7%
2nd Q	Oct-Dec 14	100,925	98,509	22.6%	23.1%
3rd Q	Jan-Mar 15	113,183			
4th Q	Apr-Jun 15	109,671			
Total		\$ 436,038	\$ 199,246	45.7%	48.8%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ 13,937 3.1%

Positive



The Mayor and Council has spent 45.7% of its FY 14-15 budget through the second quarter, compared with a historical average of 48.8%. In terms of variance from the budget in the second quarter, expenditures are \$13,937 or 3.1% below the expected amount.



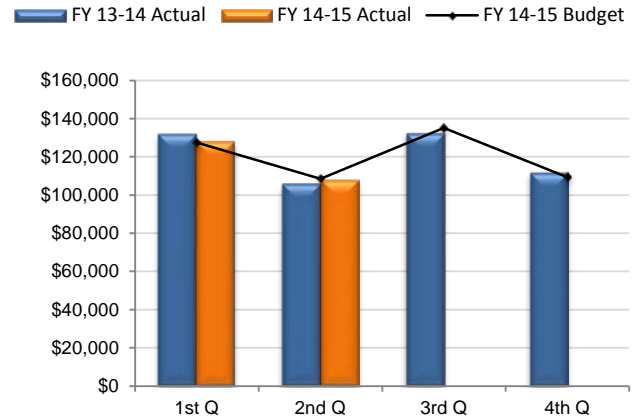
Municipal Budget Office

		FY 14-15 Adopted Budget*	FY 14-15 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 14	\$ 127,425	\$ 127,959	26.6%	26.5%
2nd Q	Oct-Dec 14	108,524	107,796	22.4%	22.6%
3rd Q	Jan-Mar 15	135,061			
4th Q	Apr-Jun 15	109,394			
Total		\$ 480,404	\$ 235,755	49.1%	49.1%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ 194 0.0%

Positive



The Municipal Budget Office has spent 49.1% of its FY 14-15 budget through the second quarter, compared to a historical average of 49.1%. In terms of variance from the budget through the second quarter, expenditures are at budgeted expectations.



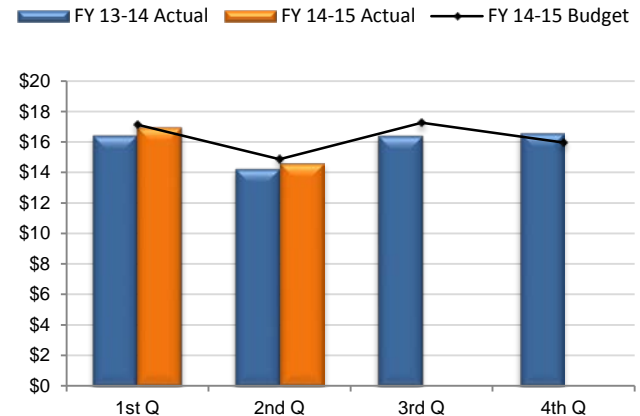
Police

		FY 14-15 Adopted Budget*	FY 14-15 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 14	\$ 17,141,390	\$ 16,994,278	26.0%	26.3%
2nd Q	Oct-Dec 14	14,872,701	14,623,533	22.4%	22.8%
3rd Q	Jan-Mar 15	17,260,236			
4th Q	Apr-Jun 15	15,972,374			
Total		\$ 65,246,701	\$ 31,617,811	48.5%	49.1%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ 396,280 0.6%

Positive



The Police Department has spent 48.5% of its FY 14-15 budget through the second quarter, compared to a historical average of 49.1%. In terms of variance from the budget through the second quarter, expenditures are \$396,280 or 0.6% below the expected amount.

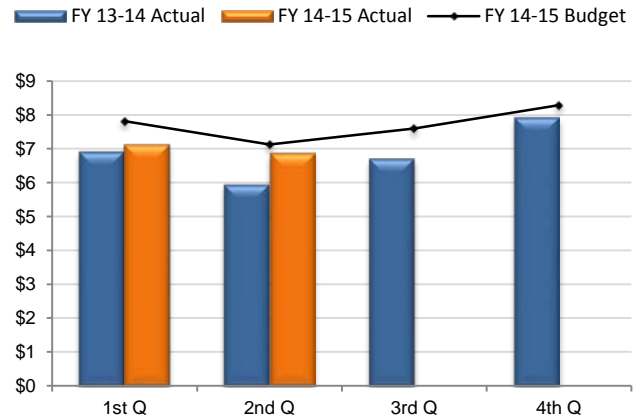


Public Works

		FY 14-15 Adopted Budget*	FY 14-15 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 14	\$ 7,811,561	\$ 7,139,353	23.2%	25.3%
2nd Q	Oct-Dec 14	7,125,912	6,881,399	22.3%	23.1%
3rd Q	Jan-Mar 15	7,596,780			
4th Q	Apr-Jun 15	8,284,481			
Total		\$30,818,734	\$ 14,020,752	45.5%	48.4%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ 916,721 2.9%



Positive

The Public Works Department has spent 45.5% of its FY 14-15 General Fund budget through the second quarter, compared with a historical average of 48.4%. In terms of variance from the budget through the second quarter, expenditures are \$916,721 or 2.9% below the expected amount.

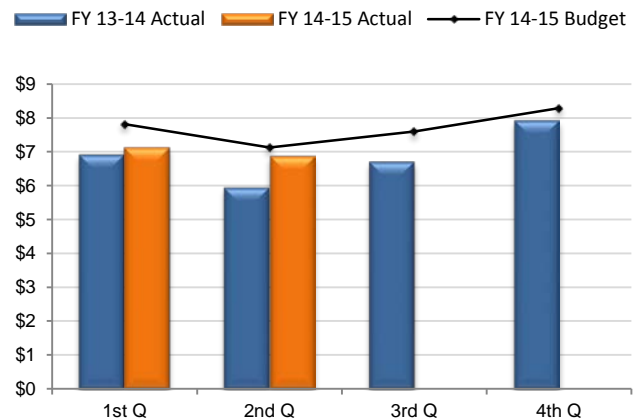


Non-Departmental

		FY 14-15 Adopted Budget*	FY 14-15 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 14	\$ 827,897	\$ 720,000	16.7%	19.2%
2nd Q	Oct-Dec 14	532,321	952,710	22.0%	12.3%
3rd Q	Jan-Mar 15	1,094,429			
4th Q	Apr-Jun 15	1,867,253			
Total		\$ 4,321,900	\$ 1,672,710	38.7%	31.5%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ (312,491) -7.2%



Negative

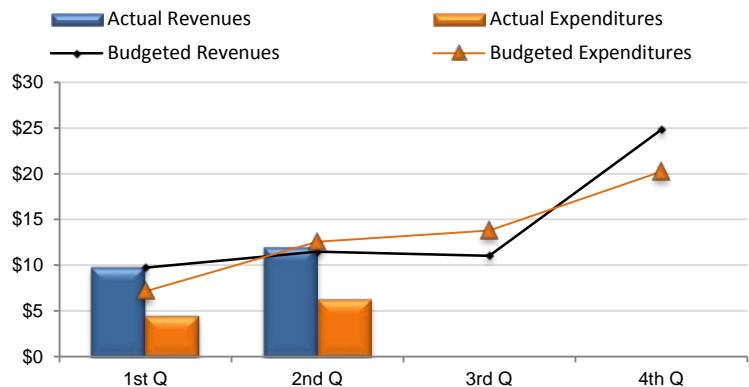
The Non-Departmental category of the budget includes items that do not directly relate to the operations of any one of the City's operating departments. Some examples of such expenditures include the payment of the Tempe Convention and Visitors Bureau's (TCVB) portion of the Bed Tax and the football bowl sponsorship. Through the second quarter of FY 2014-15, Non-Departmental expenditures are 38.7% of the budget compared to the historical pattern of 31.5%. In terms of variance from the budget in the second quarter, expenditures are tracking \$312,491 or 7.2% above the historical average. This trend is largely due to upfront and complete contractual obligation payments to the TCVB and bowl sponsorship.



Transit Fund

	FY 14-15 Budget	FY 14-15 Q2 Actual*	% Budget to Date
Total Revenues	\$57,069,807	\$ 21,701,606	38.0%
Operating	\$49,004,857	\$ 10,709,746	21.9%
Capital	72,200	37,929	52.5%
Debt Service	4,663,188	2,160	0.0%
Total Exp	\$53,740,245	\$ 10,749,835	20.0%
Net Rev/Exp	\$ 3,329,562	\$ 10,951,771	

*amounts exclude transfers out and encumbrances



Positive

The Transit Fund accounts for the receipt of the Mass Transit Tax, a 0.5% tax on sales. Fund resources are dedicated to transit system planning, design, and operations, community outreach, and debt service. Through the end of the second quarter, there is an operating surplus in the Transit Fund of \$10.9 million. Transit Fund revenue is at 38.0% of budget which is in line with the historical tracking percentage of 37.2%. Expenditures are 20.0% of budget compared to the recent historical tracking percentage of 36.7%.

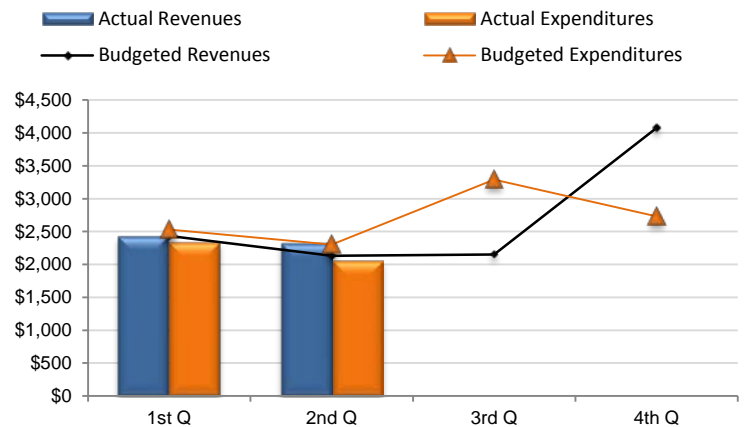


Highway User Revenue Fund

	FY 14-15 Budget	FY 14-15 Q2 Actual*	% Budget to Date
Revenues	\$10,798,400	\$ 4,751,753	44.0%
Transfers In	-	-	0.0%
Total Revenues	\$10,798,400	\$ 4,751,753	44.0%
Operating	\$ 9,689,252	\$ 3,999,593	41.3%
Capital	1,160,982	384,503	33.1%
Transfers Out	4,949	4,790	0.0%
Total Exp	\$10,855,183	\$ 4,388,887	40.4%
Net Rev/Exp	\$ (56,783)	\$ 362,867	

*amounts exclude encumbrances

Positive



The Highway User Revenue Fund (HURF) accounts for the receipt of Highway User Revenue fund distributions from the state. These revenues are derived largely from fuel taxes and vehicle registration fees, and are allocated based on Tempe's share of state population, as well as other factors. HURF resources are dedicated to Street and Traffic Operations, Maintenance, and Construction activities in the City. Revenues are 44.0% of budget compared to a historical average of 42.3%, while expenditures are 40.4% of budget compared to the three year historical trend of 44.5%.

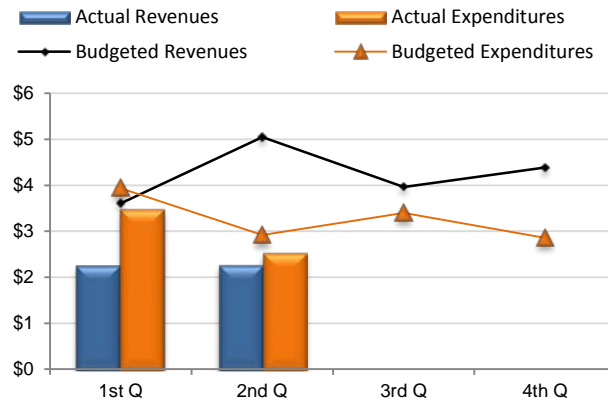


CDBG/Section 8 Funds

	FY 14-15 Budget	FY 14-15 Q2 Actual*	% Budget to Date
Total Revenues	\$ 13,108,612	\$ 4,491,176	34.3%
Operating	\$ 13,079,198	\$ 5,618,216	43.0%
Capital	29,414	73	0.2%
Debt Service	-	378,423	0.0%
Total Exp	\$ 13,108,612	\$ 5,996,711	45.7%
Net Rev/Exp	\$ -	\$ (1,505,536)	

*amounts exclude encumbrances

Positive



The Community Development Block Grant (CDBG) and Section 8 Funds are established to account for the receipt and expenditure of federal grants for redevelopment and rental subsidies for low income residents. Revenues through the second quarter total 34.3% of the FY 14-15 budget, compared to the historical percentage of 42.5%. Expenditures through the second quarter total 45.7% of the FY 14-15 budget, compared to the historical percentage of 52.3%. The net effect on the fund status through the second quarter is an operating deficit though this is largely due to the timing of grant revenues.

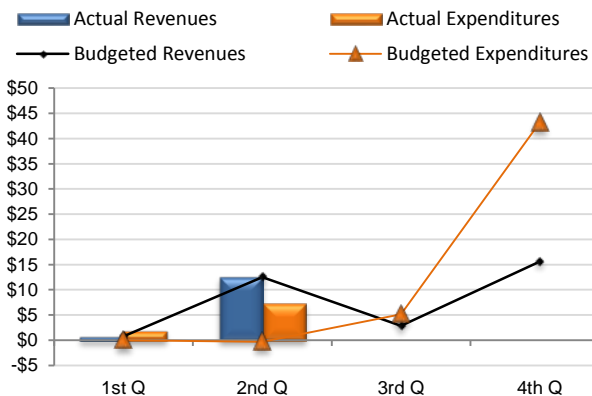


Debt Service Fund

	FY 14-15 Budget	FY 14-15 Q2 Actual*	% Budget to Date
Revenues	\$ 24,609,059	\$ 12,633,626	51.3%
Transfers In	7,179,593	862,463	12.0%
Total Revenues	\$ 31,788,652	\$ 13,496,089	42.5%
Debt Service	\$ 37,991,886	\$ 7,354,606	19.4%
Transfers Out	10,082,741	2,000,000	19.8%
Total Exp	\$ 48,074,627	\$ 9,354,606	19.5%
Net Rev/Exp	\$ (16,285,975)	\$ 4,141,483	

*amounts exclude encumbrances and impact of bond refunding

Positive

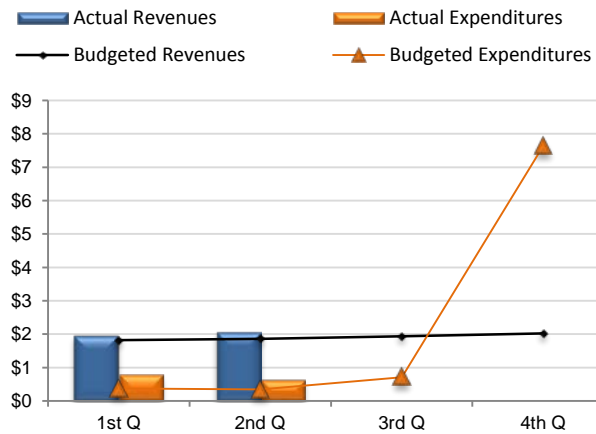


The Debt Service Fund accounts for the receipt of secondary Property Taxes to be used for payment of debt service on the City's tax supported debt. Actual revenues and expenditures through the second quarter are in line with historical budget comparisons and within budgeted parameters.



Performing Arts Fund

	FY 14-15 Budget	FY 14-15 Q2 Actual*	% Budget to Date
Total Revenues	\$ 7,642,395	\$ 4,043,664	52.9%
Operating	\$ 3,036,455	\$ 1,346,514	44.3%
Capital	1,100	2,091	-100.0%
Debt Service	5,926,526	2,676	0.0%
Transfers Out	100,000	100,000	0.0%
Total Exp	\$ 9,064,081	\$ 1,451,281	16.0%
Net Rev/Exp	\$ (1,421,686)	\$ 2,592,384	



Positive

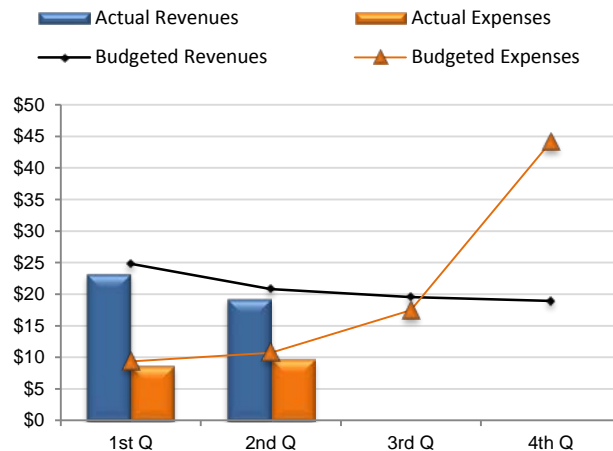
*amounts exclude encumbrances

The Performing Arts Fund accounts for the receipt of the 0.1% Performing Arts Sales Tax, which is used to fund operating and debt service expenses associated with the Tempe Center for the Arts. Revenues through the second quarter of FY 14-15 are 52.9% of budget, compared to the historical tracking percentage of 48.2%. Total expenditures are 16.0% of budget. This is the result of the timing of a large debt service payment, which occurs in the fourth quarter.



Water/ Wastewater Fund

	FY 14-15 Budget	FY 14-15 Q2 Actual*	% Budget to Date
Revenues	\$ 78,950,217	\$ 42,481,363	53.8%
Transfers In	5,158,141	-	0.0%
Total Revenues	\$ 84,108,358	\$ 42,481,363	50.5%
Operating	\$ 39,886,365	\$ 17,820,826	44.7%
Capital	632,191	100,062	15.8%
Debt Service	35,818,925	235,999	0.7%
Transfers Out	5,337,021	176,178	3.3%
Total Expenses	\$ 81,674,502	\$ 18,333,065	22.4%
Net Rev/Exp	\$ 2,433,856	\$ 24,148,298	



Positive

*amounts exclude contingencies, encumbrances and inventory accounts

The Water/Wastewater Fund is a self-supporting enterprise fund used to account for all water and wastewater treatment operations in the City. Total revenues through the second quarter of FY 14-15 are 50.5% of budget compared to the historical average of 54.3%. Total expenses through the second quarter are 22.4% of budget compared to 24.6% historically. Through the second quarter, the fund posted a \$24.1 million surplus. This is the result of the timing of debt service payments and payments for regional wastewater services, which occur in the fourth quarter.

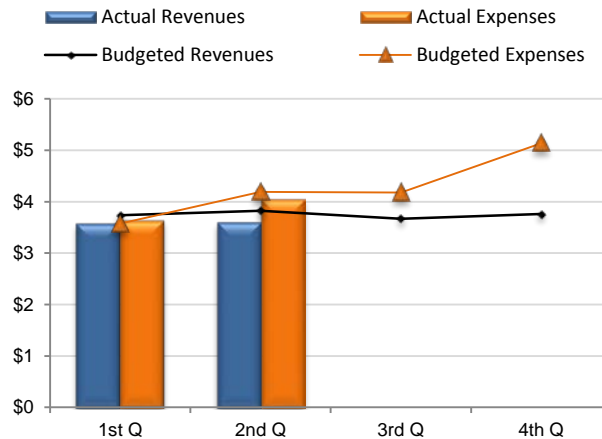


Solid Waste Fund

	FY 14-15 Budget	FY 14-15 Q2 Actual*	% Budget to Date
Total Revenues	\$ 14,987,157	\$ 7,164,457	47.8%
Operating	\$ 14,207,436	\$ 6,788,049	47.8%
Capital	2,871,035	905,405	31.5%
Transfers Out	4,949	4,790	96.8%
Total Expenses	\$ 17,083,420	\$ 7,698,244	45.1%
Net Rev/Exp	\$ (2,096,263)	\$ (533,787)	

*amounts exclude encumbrances

Positive



The Solid Waste Fund is a self-supporting enterprise fund intended to recover all operating, maintenance, and capital costs of providing residential and commercial solid waste services. Total revenues through the second quarter of FY 14-15 are 47.8% of budget compared to 50.4% historically. Total expenses through the second quarter are 45.1% of budget compared to 45.4% historically. The adopted budget includes a \$2.1 million operating deficit; through the second quarter, the operating deficit is \$533,787.

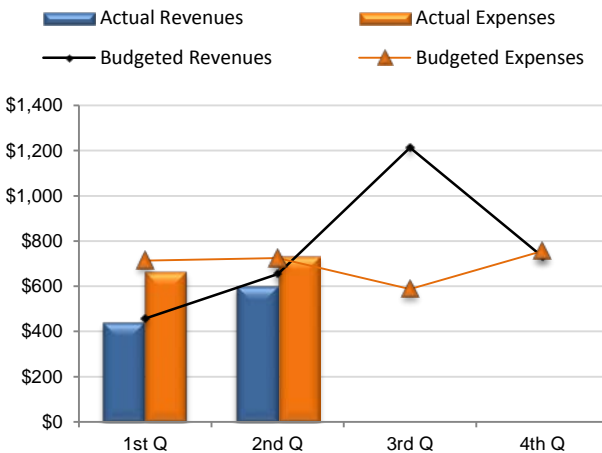


Golf Fund

	FY 14-15 Budget	FY 14-15 Q2 Actual*	% Budget to Date
Revenues	\$ 2,982,436	\$ 961,575	32.2%
Transfers In	74,000	74,000	100.0%
Total Revenues	\$ 3,056,436	\$ 1,035,575	33.9%
Operating	\$ 2,602,619	\$ 1,283,853	49.3%
Capital	179,148	111,251	62.1%
Total Expenses	\$ 2,781,767	\$ 1,395,104	50.2%
Net Rev/Exp	\$ 274,669	\$ (359,529)	

*amounts exclude encumbrances

Positive



The Golf Fund is a self-supporting enterprise fund that provides for operation, maintenance, and debt service costs associated with two municipal golf courses. Total revenues through the second quarter of FY 14-15 are 33.9% of budget compared to 36.4% historically. Total expenses through the second quarter are 50.2% of budget compared to the historical tracking percentage of 51.7%. The adopted budget projects a \$274,669 thousand operating surplus; through the second quarter, the fund had an operating deficit of \$359,529. This is due primarily to the seasonality of the revenue stream.

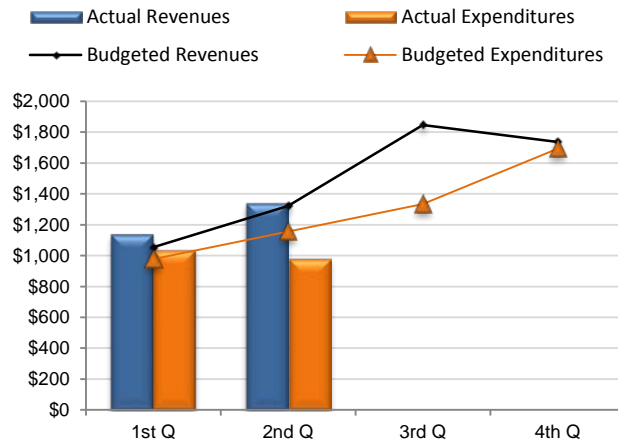


Police Dept-RICO & Grants

	FY 14-15 Budget	FY 14-15 Q2 Actual*	% Budget to Date
Total Revenues	\$ 5,959,619	\$ 2,479,619	41.6%
Total Expenses	\$ 5,159,619	\$ 2,015,666	39.1%
Net Rev/Exp	\$ 800,000	\$ 463,954	

*amounts exclude encumbrances and contingency appropriations

Positive



The Police Dept-RICO & Grants Fund accounts for the receipt and expenditure of grants, donations, asset forfeitures, and tow hearing fines associated with Police Department activities. Revenues through the second quarter total 41.6% of the FY 14-15 budget, compared to the historical percentage of 39.9%. Expenditures through the second quarter total 39.1% of the FY 14-15 budget, compared to the historical percentage of 41.3%. The net effect on the fund's status through the second quarter is an operating surplus of \$463,954, though this is largely due to the timing of grant revenues which typically occur on a reimbursement basis.

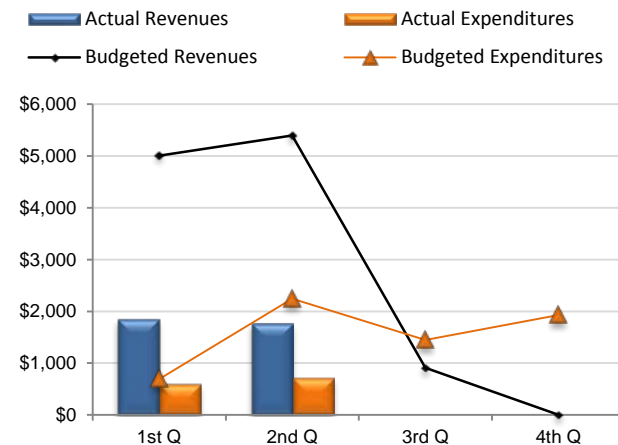


Governmental Grants or Donations

	FY 14-15 Budget	FY 14-15 Q2 Actual*	% Budget to Date
Total Revenues	\$ 11,308,718	\$ 3,628,218	32.1%
Total Expenses	\$ 6,309,307	\$ 1,294,072	20.5%
Net Rev/Exp	\$ 4,999,411	\$ 2,334,146	

*amounts exclude encumbrances and contingency appropriations

Positive



The Governmental Grants or Donations Fund accounts for the receipt and expenditure of grants, donations, and other miscellaneous revenues related with general governmental activities. Revenues through the second quarter total 32.1%, while expenditures total 20.5%. The large operating surplus through the second quarter is mostly due to the carry forward of the prior year's grant revenues, which will be expended during the remainder of the year according to the provisions of the applicable grant agreements.

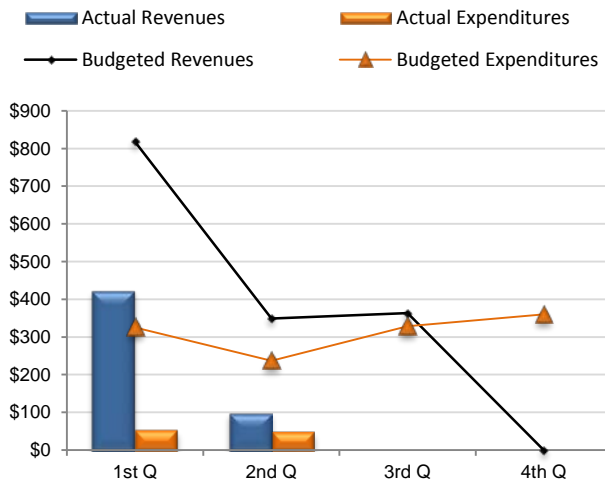


Court Enhancement Fund

	FY 14-15 Budget	FY 14-15 Q2 Actual*	% Budget to Date
Total Revenues	\$ 1,530,131	\$ 523,361	34.2%
Total Expenditures	\$ 1,250,068	\$ 100,717	8.1%
Net Rev/Exp	\$ 280,063	\$ 422,644	

*amounts exclude encumbrances and contingency appropriations

Positive



The Court Enhancement Fund is established to account for fine, fee and forfeiture revenues dedicated for City Court purposes pursuant to state statute and city code. Revenues through the second quarter total 34.2% of the FY 14-15 budget, compared to the historical percentage of 76.3%. Expenditures through the second quarter total 8.1% of the FY 14-15 budget, compared to the historical percentage of 45.0%. Both revenues and expenditures are below their expected levels based on historical patterns, however the shortfalls result in an operating surplus, resulting in minimal impact on the status of the fund.